



City of Helena

ADMINISTRATIVE MEETING

April 3, 2024 - 4:00 PM

City - County Building Room 326 / Zoom Online Meeting; <https://us06web.zoom.us/j/83433670913>

AGENDA

1. **Call to Work Session, introductions**
2. **Commission comments, questions**
3. **Recommendations from the Helena Citizens Council**
4. **City Manager's Report**
5. **Department Reports**
 - a. **FY25 Budget Presentation-General Overview**
6. **Public Comment**
7. **Commission discussion and direction to the City Manager**
8. **Adjourn**

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Persons with disabilities requiring accommodations to participate in the City's meetings, services, programs, or activities should contact the City's ADA Coordinator, Ellie Ray, as soon as possible to allow sufficient time to arrange for the requested accommodation, at any of the following:

Phone: (406) 447- 8490

TTY Relay Service 1-800-253-4091 or 711

Email: citycommunitydevelopment@helenamt.gov

Mailing Address & Physical Location: 316 North Park Avenue, Room 445, Helena, MT 59623.

City of Helena, Montana

03/20/2024

To: Mayor Collins and the Helena City Commission

From: Tim Burton, City Manager
Sheila Danielson, Finance Director

Subject: FY25 Budget Presentation-General Overview

Present Situation: FY25 Budget Topics:

- FY25 Budget Meeting Schedule
- FY24 Mid-Year Financial Report
- City Manager Budget Priorities
- FY25 General Gov't Revenue Projections
- FY25 General Fund Cash Balance Overview
- FY25 Proposed General Gov't Capital Projects
- Budget Policies review

Background Information: N/A

Proposal/Objective: Review FY25 Budget Overview and Priorities

Advantage: N/A

Notable Energy Impact: N/A

Disadvantage: N/A

Quasi-Judicial Item: False

Notice of Public Hearing: False

**Staff Recommendation/
Recommended Motion:** No action - information only

City of Helena

FY25 Budget Meetings Schedule

April 3rd (Admin. Meeting) (4:00 PM to 6:00 PM)

Finance Presents:

- FY 24 Mid Year Report
- FY 25 Revenue Projections
- FY 24 / FY25 General Fund Cash Balance overview
- General Capital Overview
- Overview of Budget Policies

City Manager Priorities:

- Potential Cola
- Other

April 17th (Admin. Meeting) (4:00 PM to 6:00 PM)

Department Budget Presentations:

- Commission / Clerk
- City Manager Office
- Finance
- Administrative Budgets: GO Bond, Light Districts, loans, internal service
- Legal (City Attorney's office)
- Human Resources
- Municipal Court

May 1st (Special Admin. Meeting) (4:00 PM to 6:00 PM)

Department Budget Presentations:

- Fire
- Police / SSD
- Community Development
- Building Department
- Facilities

May 14th (Joint City/County Budget Meeting) (3:00 PM)

SSD/CCAB/Law & Justice Center, Transit, County Orgs

May 15th (Admin. Meeting) (4:00 PM to 6:00 PM)

Department Budget Presentations:

- Public Works Admin
- Engineering
- Industrial Facilities
- Water
- Wastewater
- Solid Waste
- Transfer Station
- Recycling
- Storm

May 29th (Admin. Meeting) (2:00 PM to 6:00 PM)

Department Budget Presentations:

- Streets
- Parking
- Fleet
- Transit
- Parks / Rec (Admin, Recreation, Maintenance, Trails)
- Open Lands
- Urban Forestry

Discussion of Commission Priorities for FY25 Budget

- Community Non-Profit funding
- Special Capital projects

Tourism Business Improvement District FY24 Workplan and Budget

Business Improvement District FY24 Workplan and Budget

HCC Budget Comments

June 3rd (Commission Meeting) (6:00 PM)

Presentation of City Preliminary Budget for FY25

Commission Discussion on Budget/Public Comment

Resolution of Intention - TBID Workplan & Budget

Resolution of Intention - BID Workplan & Budget

Resolutions of Intention- Fees for July 1st implementation

June 17th (Commission Meeting) (6:00 PM)

Adoption of City Preliminary Budget for FY24

Resolutions - Fees for July 1st implementation

Resolutions - TBID & BID Assessments

July & August

City Assessments

Property Tax Review

Water / Wastewater Forecasts & Rate discussions

September 9th (Commission Meeting) (6:00 PM)

Adoption of City Final Budget for FY25

Adoption of Mill Levy for FY25



Fiscal Year 2024 Financial Update

Prepared by:

Sheila Danielson, Finance Director

Kammi McClain, Budget Analyst

Kaycee Ransom, Budget Analyst

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FY2024 Budget Recap



ALL FUNDS

Adopted Revenue	\$ 115,149,881
Less:	
Adopted Appropriations	<u>\$ (105,497,572)</u>
Revenue over(under) expenses:	<u><u>\$ 9,652,309</u></u>

GENERAL FUND

Adopted Revenue	\$ 27,450,677
Less:	
Adopted Appropriations	<u>\$ (30,206,109)</u>
Use of Excess Reserves:	<u><u>\$ (2,755,431)</u></u>

SPECIAL REVENUE FUNDS

Adopted Revenue	\$ 21,999,668
Less:	
Adopted Appropriations	<u>\$ (23,071,865)</u>
Revenue over(under) expenses:	<u><u>\$ (1,072,196)</u></u>

ENTERPRISE FUNDS

Adopted Revenue	\$ 51,110,665
Less:	
Adopted Appropriations	<u>\$ (38,026,597)</u>
Revenue over(under) expenses	<u><u>\$ 13,084,068</u></u>

Amendments to Revenue:

Revenue - FY24 Adopted Budget	\$	115,149,881
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Capital Carryover Adjustments

Fund 201: Streets	236,206	
Fund 235: Open Lands	82,278	
Fund 531: Wastewater	1,785,000	
Fund 573: Law & Justice Center	341,456	
	\$	2,444,940

Budget Adjustments

Fund 201: Streets	185,000	
Fund 240: Gas Tax	800,000	
Fund 218: 911 Emergency Program	40,000	
Fund 238: Energy Efficient Loan Program	80,000	
Fund 441: Parks Capital	9,000	
Fund 521: Water	48,500	
	\$	1,162,500

Revenue - FY24 Amended Budget	\$	118,757,321
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FY2024 Revenue Status: TOTAL City-Wide Revenue

City Wide Revenue (excluding transfers)	FY 22 ACT.	FY 23 ACT.	FY 24 ADOPTED BUDGET	FY 24 AMENDED BUDGET	FY 24 PROJECTED BUDGET	FY 24 1st 6 MO.	6 Mo. Vs. Amended
Taxes	14,605,785	15,468,391	17,361,738	17,361,738	17,810,420	8,401,050	48.4%
Special Assessments	11,873,344	11,617,921	11,993,930	11,993,930	11,767,856	4,334,757	36.1%
License & Permits	1,868,341	2,132,388	2,139,312	2,139,312	2,128,112	1,203,154	56.2%
Intergov't Revenues	14,984,890	11,842,186	21,353,825	22,276,103	22,757,165	7,936,801	35.6%
Charges for Services	28,915,925	28,136,835	28,776,566	28,776,566	29,108,427	15,313,461	53.2%
Intra-City Revenues	7,061,589	8,552,270	8,404,449	8,404,449	8,404,449	3,789,098	45.1%
Fines & Forfeitures	469,175	559,846	506,200	506,200	550,441	303,128	59.9%
Investment Earnings	215,888	3,098,908	1,302,500	1,302,500	4,621,600	1,999,391	153.5%
Other Financing	10,922,169	10,944,257	19,124,576	21,600,738	17,971,733	6,271,440	29.0%
TOTAL	\$ 90,917,107	\$ 92,353,003	\$ 110,963,096	\$ 114,361,536	\$ 115,120,203	\$ 49,552,281	43.3%

Taxes: City Received an additional \$3 million in Taxes in January. This is 65.7% of budget collected through January.

Assessments: City Received an additional \$3.08 million in Assessments in January. This is 61.2% of budget collected through January.

Interest revenue: Exceeded expectations due to Federal Reserve raising treasury rates. Mt. Board of Investments daily yield 5.63% as of 3/24/24.

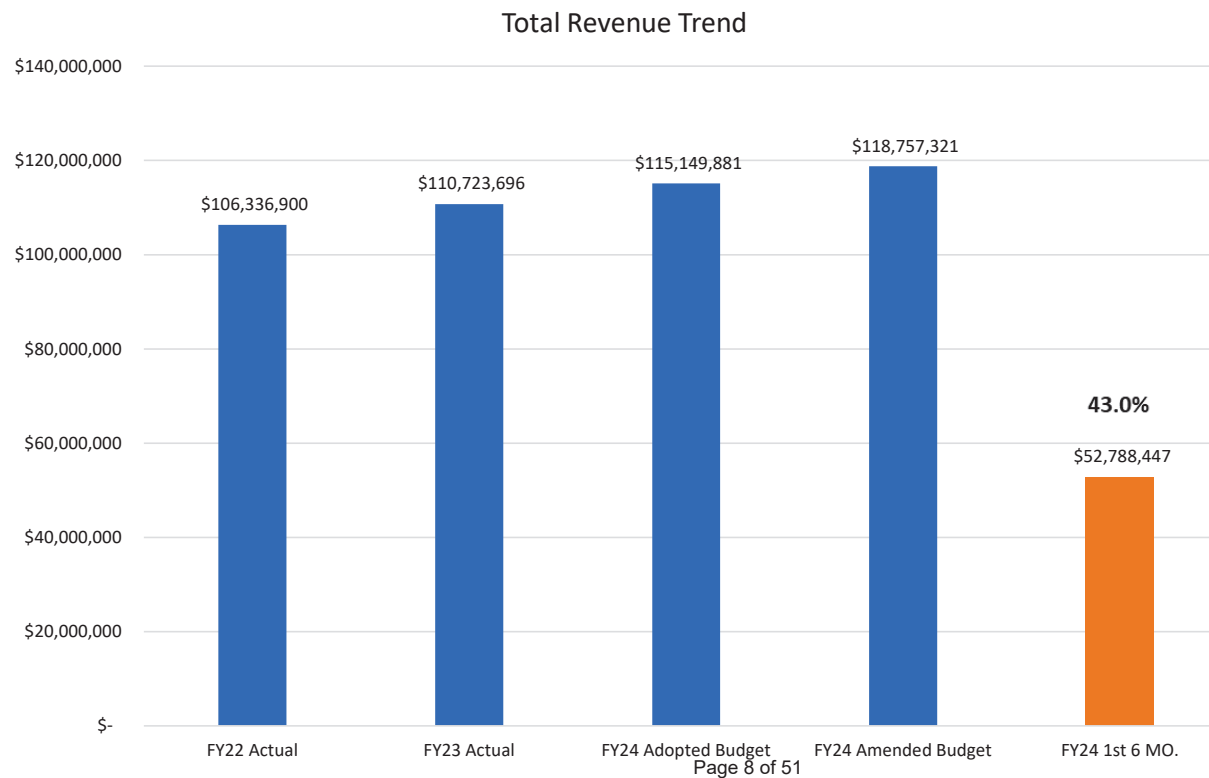
Other Financing: Includes Debt Service, Health Contributions, Rents collected, settlements, & contributions – timing related. Expect about \$2 million less that Adopted FY24 budget by end of year.

Intergovernmental Revenue: Grants, Gas Apportionment, State Entitlement, County & Other Public Entity Contributions, payments in lieu of taxes, etc. – timing related. Expect to collect about the same as Adopted budget.

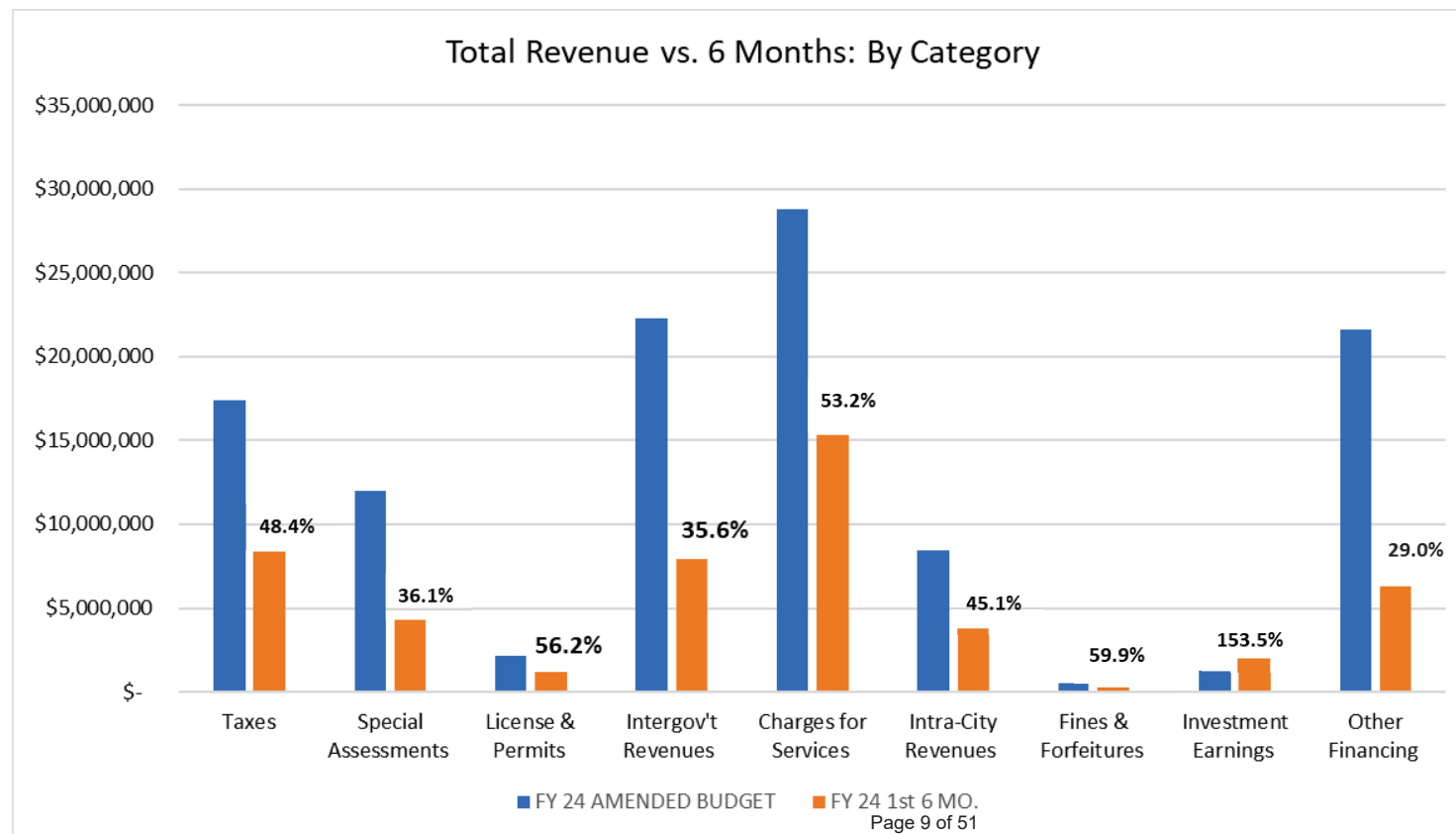
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FY2024 Revenue Status: TOTAL City-Wide Revenue

Note: Totals include "Transfers In"



FY2024 Revenue Status: TOTAL City-Wide Revenue – By Category



FY2024 Revenue Status: TOTAL Revenue by Fund Type

City Wide Revenue (including transfers)	FY 22 ACT.	FY 23 ACT.	FY 24 ADOPTED BUDGET	FY 24 AMENDED BUDGET	FY 24 PROJECTED	FY 24 1st 6 MONTHS	6 Mo. Vs. Amended
General Fund	31,965,726	25,855,658	27,450,677	27,450,677	27,526,449	13,147,317	47.9%
Special Revenue	24,700,974	21,396,904	21,999,668	23,423,152	24,605,597	10,997,867	47.0%
Debt Service	562,364	556,750	559,750	559,750	586,598	258,076	46.1%
Capital Outlay	3,508,756	2,573,367	2,841,648	2,850,648	3,467,545	2,801,455	98.3%
Enterprise	37,133,020	50,129,268	51,110,665	53,285,621	52,086,583	20,374,131	38.2%
Internal Service	8,466,059	10,211,749	11,187,472	11,187,472	11,182,832	5,209,600	46.6%
TOTAL	\$ 106,336,900	\$ 110,723,696	\$ 115,149,881	\$118,757,321	\$119,455,604	\$ 52,788,447	44.5%

General Fund: Primarily reliant on taxes and state shared revenue.

Special Revenue: Revenue is generated by charges for services and assessments.

Debt Service: Represent the voted GO Bond Levy.

Capital Outlay: Includes General Capital Fund, Parks Capital and Tax Increment Financing Districts. The TIF districts generate tax income, the General Capital Fund is primarily funded by General Fund contributions and the Parks Capital Fund is supported by donations and Park use fees.

Enterprise Funds: Revenue is generated by charges for services and includes Water, Wastewater, Solid Waste, Transit, Golf, etc. Revenues can be cyclical especially in the Golf fund.

Internal Service: Generates most of its revenues from internal fund allocations. Medical Funds also collect retiree and agency premiums.

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FY2024 Revenue Status: General Fund

	FY 22 ACT.	FY 23 ACT.	FY 24 ADOPTED BUDGET	FY24 AMENDED BUDGET	FY 24 1st 6 Mo.	6 Mos. Vs. Amended
Taxes	\$ 12,334,497	\$ 13,140,821	\$ 14,918,429	\$ 14,918,429	\$ 6,890,558	46.2%
Transfers In	\$ 9,123,862	\$ 957,350	\$ 703,585	\$ 703,585	\$ 332,679	47.3%
Licenses & Permits	\$ 572,460	\$ 548,793	\$ 575,000	\$ 575,000	\$ 313,534	54.5%
Intergov't Revenues	\$ 5,213,154	\$ 5,285,923	\$ 5,503,370	\$ 5,503,370	\$ 2,764,161	50.2%
Charges for Services	\$ 597,631	\$ 853,686	\$ 666,386	\$ 666,386	\$ 601,799	90.3%
Intra-City Charges	\$ 3,642,574	\$ 4,437,983	\$ 3,978,207	\$ 3,978,207	\$ 1,668,669	41.9%
Fines & Forfeitures	\$ 397,311	\$ 445,380	\$ 438,500	\$ 438,500	\$ 235,396	53.7%
Investment Earnings	\$ 17,607	\$ 442,254	\$ 425,000	\$ 425,000	\$ 237,169	55.8%
Other Financing	\$ 66,631	\$ 232,872	\$ 242,200	\$ 242,200	\$ 103,352	42.7%
TOTAL	\$ 31,965,726	\$ 26,345,062	\$ 27,450,677	\$ 27,450,677	\$ 13,147,317	47.9%

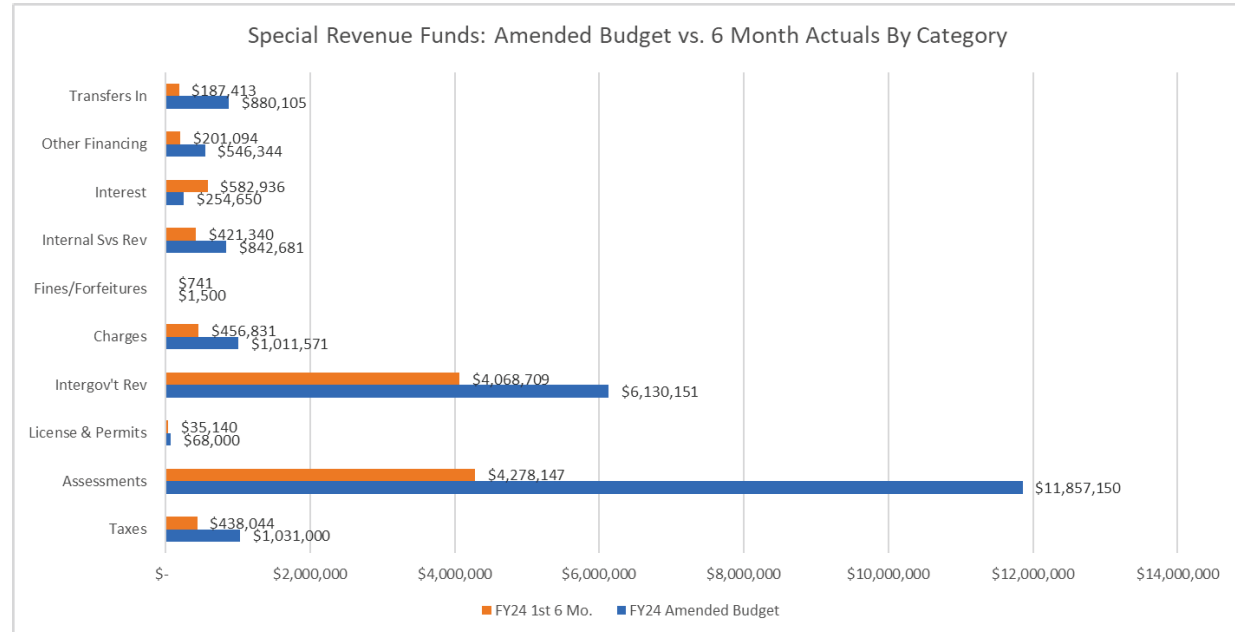
Charges: Primarily represents Fire Service fees and Parks and Recreation fees. Most parks fees for FY24 have been realized.

Intra-City Charges: Internal cost allocations. Will equal budget by end of fiscal year.

Other Financing: Represents miscellaneous revenue such as donations, reimbursements, and sales of fixed assets.

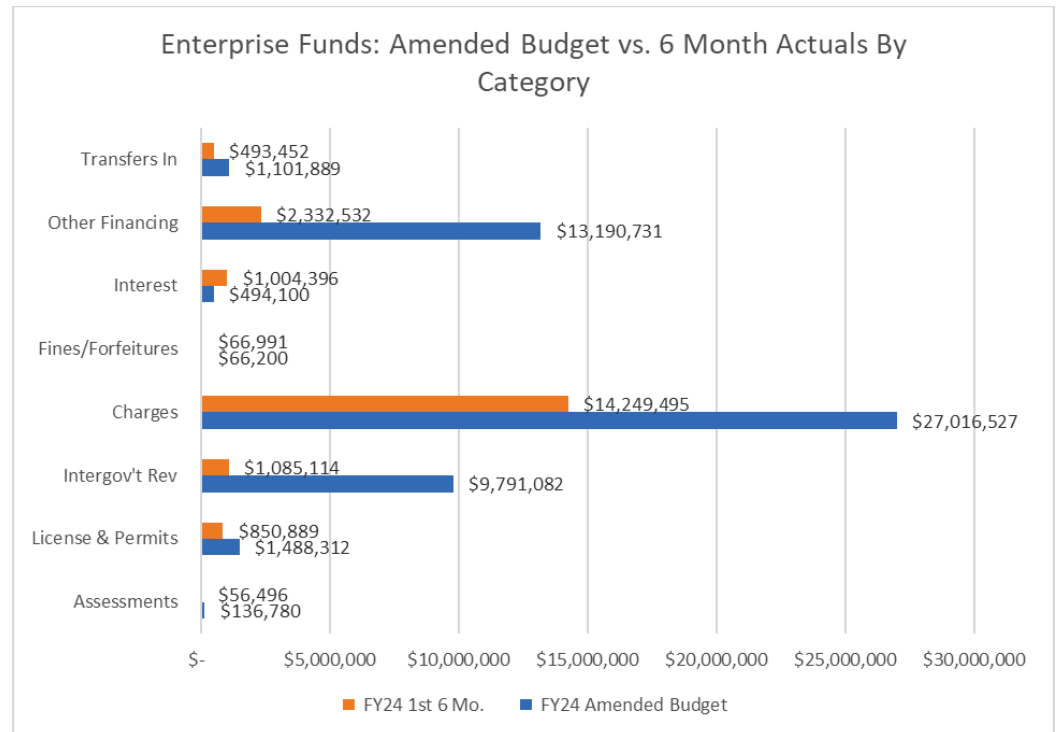
FY2024 Revenue Status: Special Revenue Funds

Special Revenue Funds	FY24 Adopted Budget	FY24 Amended Budget	FY24 1st 6 Mo.	% of Total
Taxes	\$ 1,031,000	\$ 1,031,000	\$ 438,044	42.5%
Assessments	\$ 11,857,150	\$ 11,857,150	\$ 4,278,147	36.1%
License & Permit	\$ 68,000	\$ 68,000	\$ 35,140	51.7%
Intergov't Rev	\$ 6,007,873	\$ 6,130,151	\$ 4,068,709	66.4%
Charges	\$ 1,011,571	\$ 1,011,571	\$ 456,831	45.2%
Fines/Forfeiture	\$ 1,500	\$ 1,500	\$ 741	49.4%
Internal Svs Rev	\$ 842,681	\$ 842,681	\$ 421,340	50.0%
Interest	\$ 254,650	\$ 254,650	\$ 582,936	228.9%
Other Financing	\$ 245,138	\$ 546,344	\$ 201,094	36.8%
Transfers In	\$ 680,105	\$ 880,105	\$ 187,413	21.3%
Total	\$ 21,999,668	\$ 22,623,152	\$ 10,670,395	47.2%



FY2024 Revenue Status: Enterprise Funds

Enterprise Funds	FY24 Adopted Budget	FY24 Amended Budget	FY24 1st 6 Mo.	% of Total
Assessments	\$ 136,780	\$ 136,780	\$ 56,496	41.3%
License & Permits	\$ 1,488,312	\$ 1,488,312	\$ 850,889	57.2%
Intergov't Rev	\$ 9,791,082	\$ 9,791,082	\$ 1,085,114	11.1%
Charges	\$ 27,016,527	\$ 27,016,527	\$ 14,249,495	52.7%
Fines/Forfeitures	\$ 66,200	\$ 66,200	\$ 66,991	101.2%
Interest	\$ 494,100	\$ 494,100	\$ 1,004,396	203.3%
Other Financing	\$ 11,015,775	\$ 13,190,731	\$ 2,332,532	17.7%
Transfers In	\$ 1,101,889	\$ 1,101,889	\$ 493,452	44.8%
Total	51,110,665	53,285,621	20,139,364	37.8%



Budget Adjustments to Appropriations Year-to-Date



Appropriations - FY24 Adopted Budget \$ **105,497,572**

Capital Carryover Adjustments

Fund 100: General Fund	2,008,743	
Fund 201: Streets	4,525,519	
Fund 212: Facilities	623,795	
Fund 218: 911 Emergency Program	780,663	
Fund 233: Public Art	28,012	
Fund 235: Open Lands	82,278	
Fund 240/241: Gas Tax	1,347,684	
Fund 245: Stormwater	1,845,193	
Fund 260: Fire Levy	12,250	
Fund 440: General Capital	3,927,895	
Fund 441: Parks Capital	11,359	
Fund 521: Water	17,935,745	
Fund 531: Wastewater	3,654,146	
Fund 541/542 Solid Waste	1,333,192	
Fund 546/547: Transfer Station & Recycling	371,353	
Fund 551: Parking	181,021	
Fund 580: Transit	37,500	
Fund 570: CCAB	409,620	
Fund 573: Law & Justice Center	1,197,028	
Fund 610: Fleet	15,000	
		\$ 40,327,996

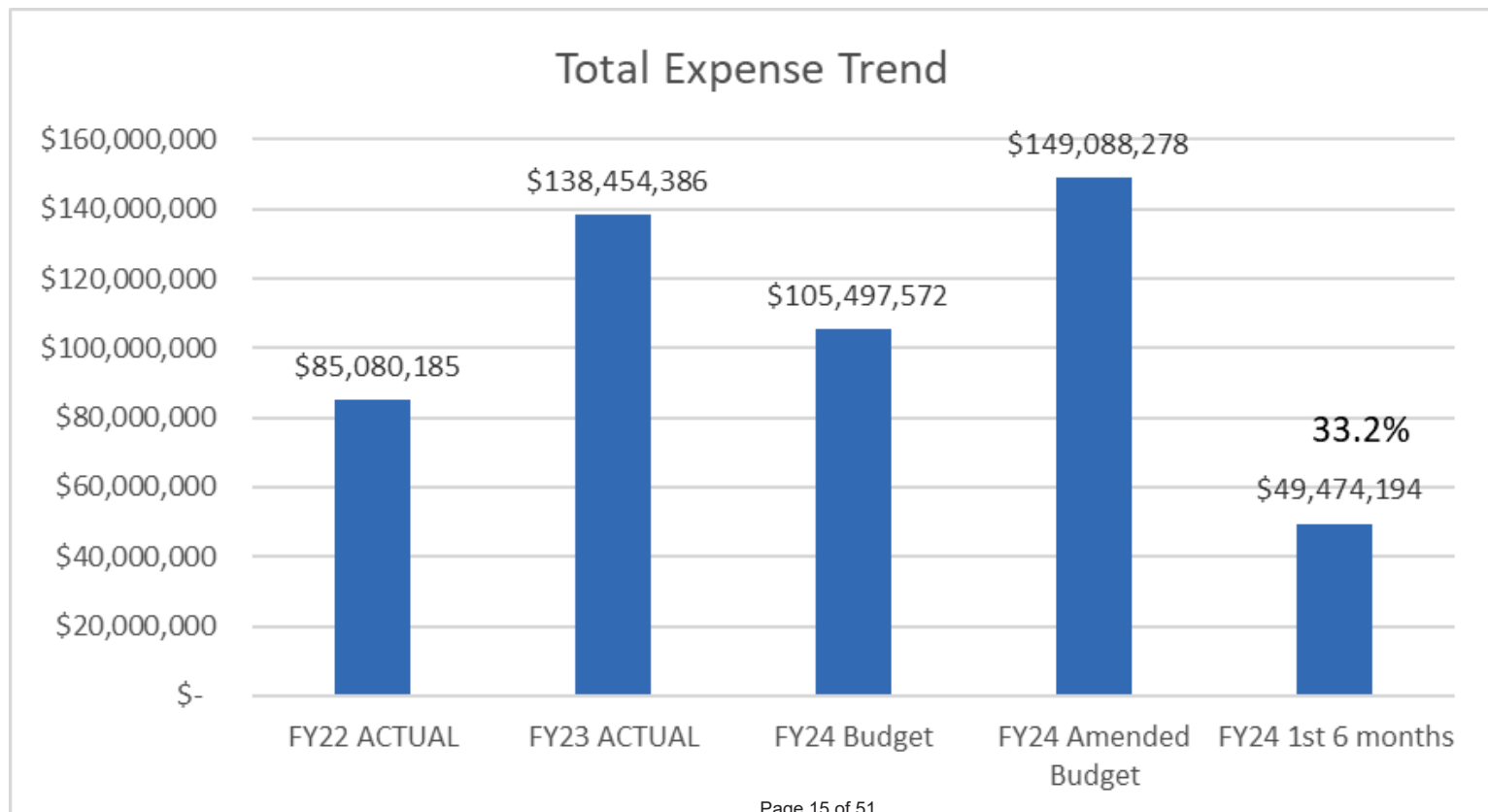
Budget Adjustments

Fund 100: General Fund	243,500	
Fund 201: Streets	185,000	
Fund 218: 911 Emergency Program	40,000	
Fund 240: Gas Tax	120,000	
Fund 260: Fire Levy	90,000	
Fund 440: Capital Fund	10,860	
Fund 441: Parks Capital	9,000	
Fund 521: Water	2,564,350	
		\$ 3,262,710

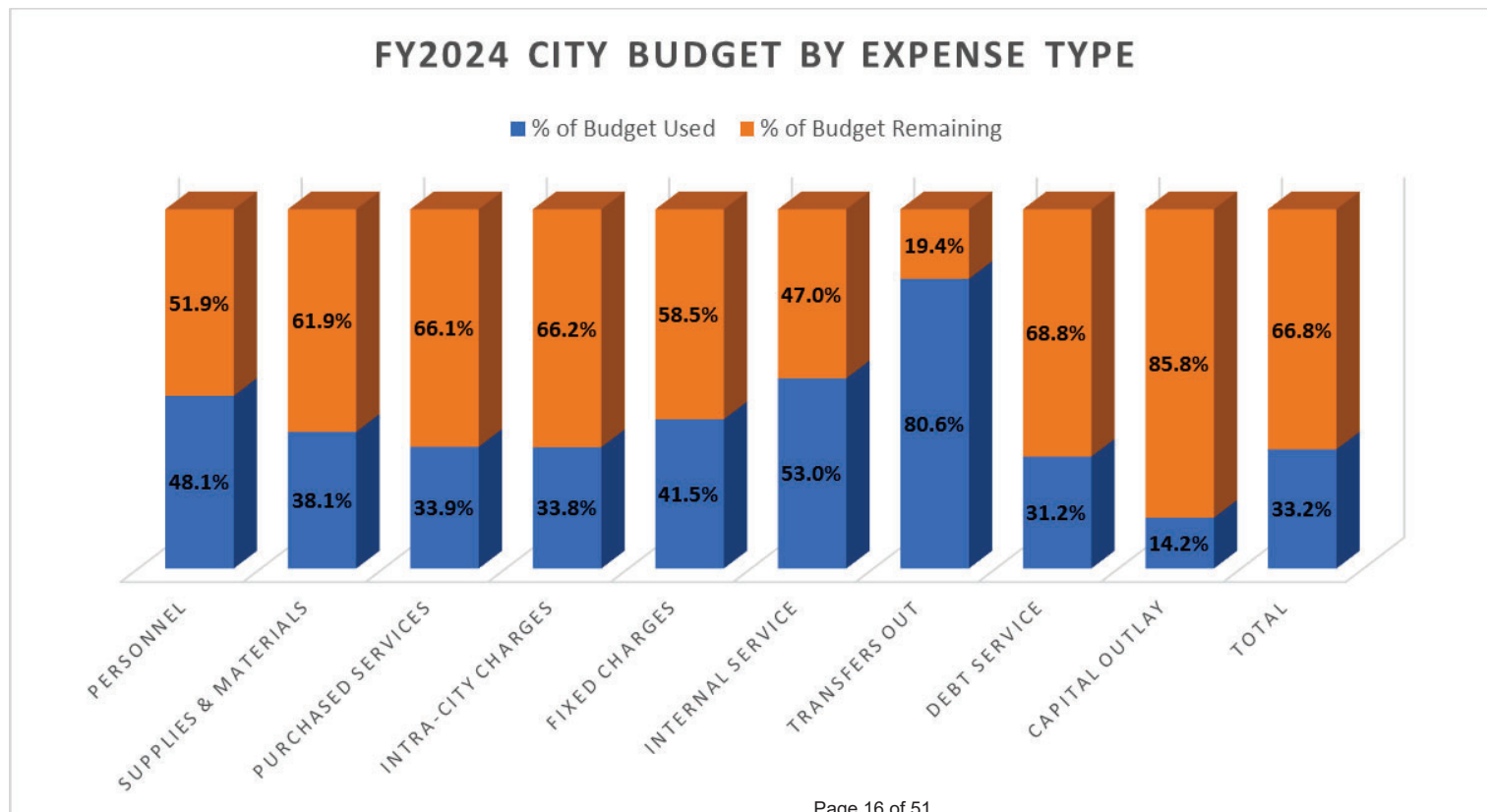
Appropriations - FY24 Amended Budget \$ **149,088,278**

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FY2024 Expense Status: TOTAL City-wide Expense Trend



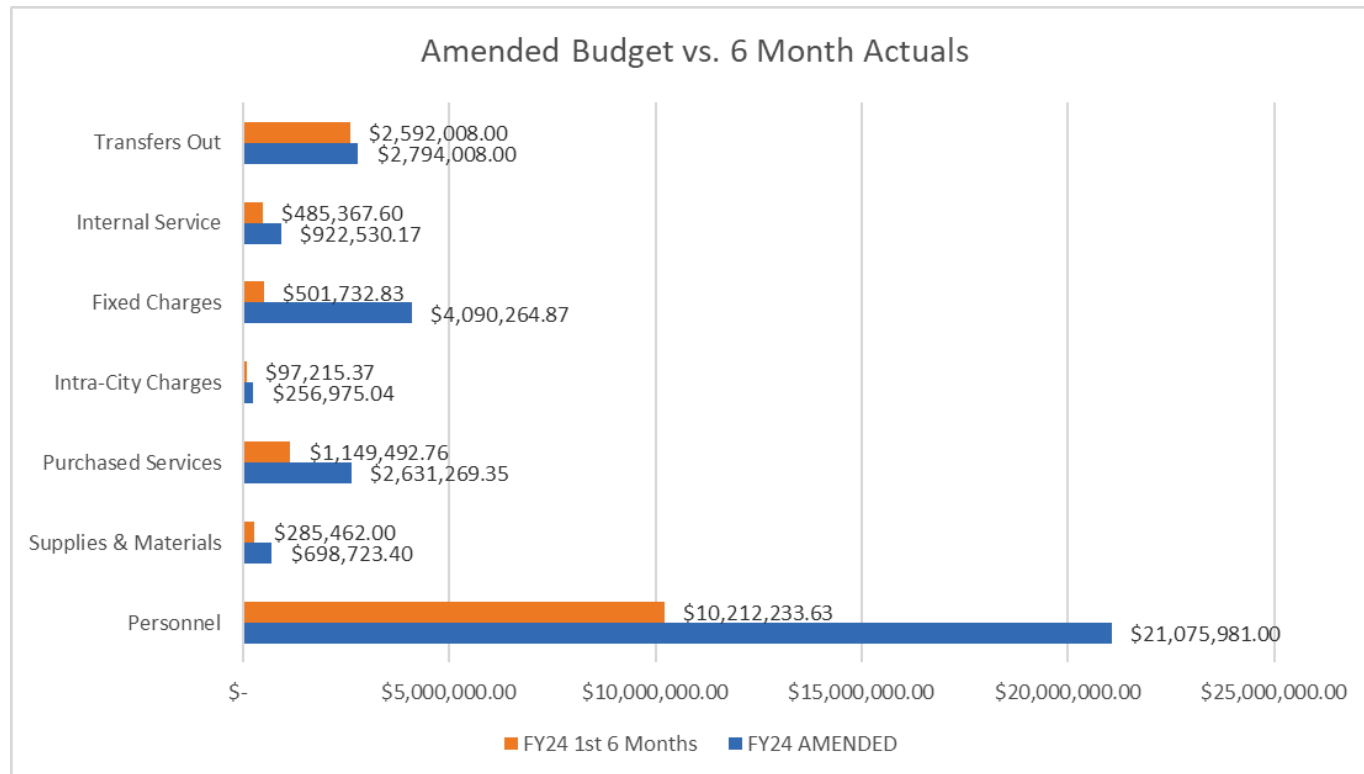
FY2024 TOTAL City-Wide Expense Status – by Type



FY2024 TOTAL City-Wide Expense Status – by Fund Type

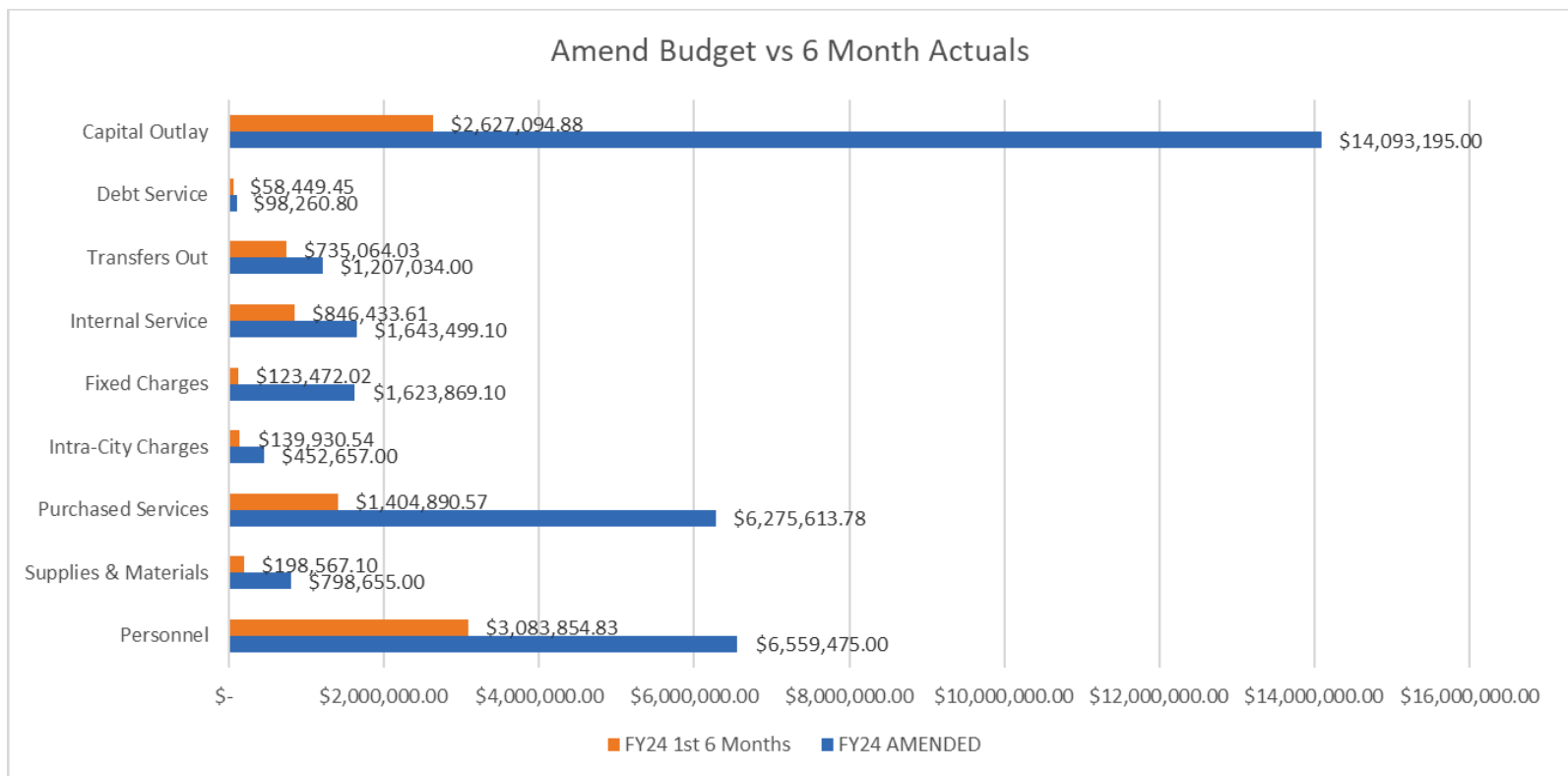
Expenses by Fund Type:	FY24 Adopted Budget	FY24 Amended Budget	FY24 1st 6 mo.	% of Total
General Fund	30,206,109	32,469,752	15,323,512	47.2%
Special Revenue Funds	23,071,864	32,752,258	9,217,757	28.1%
Debt Service Funds	560,306	560,306	39,403	7.0%
Enterprise Funds	38,026,596	65,710,551	17,037,983	25.9%
Capital Project Funds	2,741,640	6,689,354	1,379,020	20.6%
Internal Service Funds	10,891,056	10,906,056	6,476,519	59.4%
Total	105,497,571	149,088,277	49,474,194	33.2%

FY2024 6 Month General Fund Expense Status by Type:

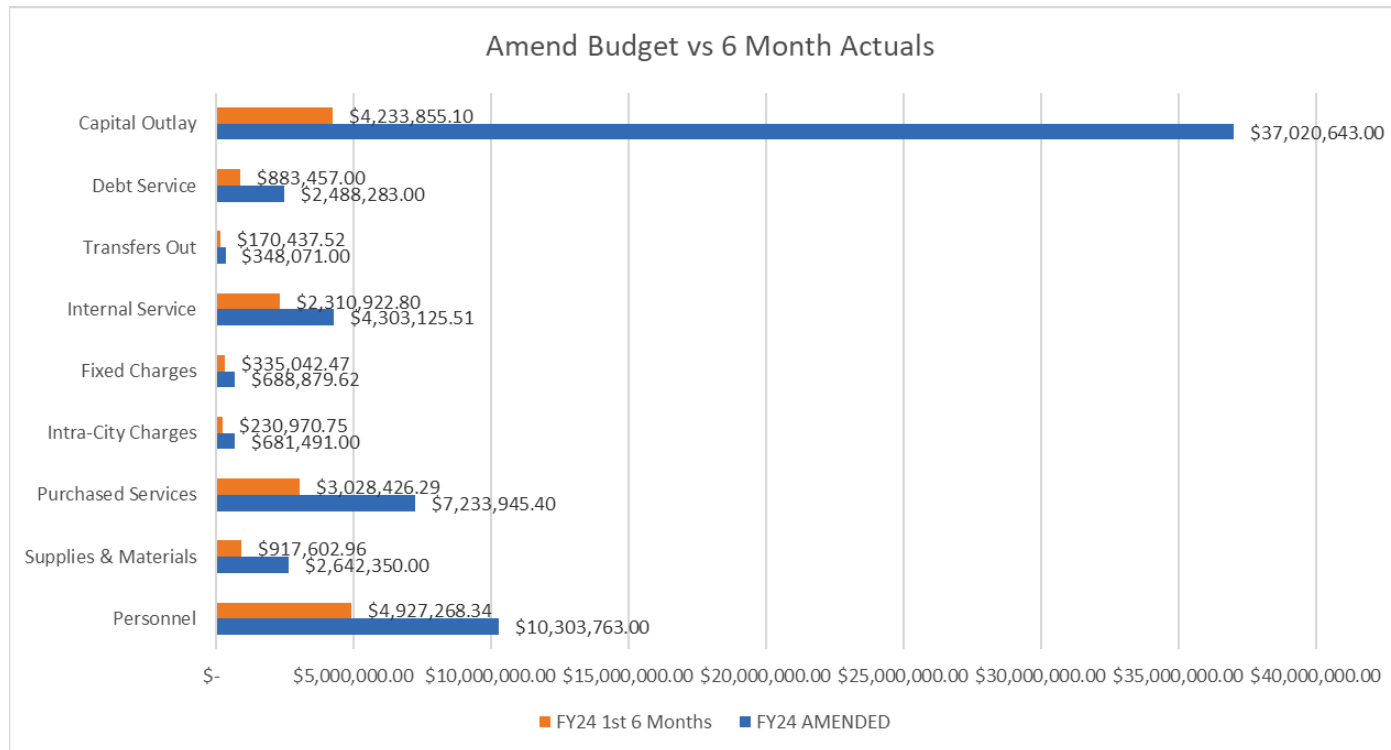


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FY2024 6 Month Special Revenue Fund Expense Status by Type:



FY2024 6 Month Enterprise Fund Expense Status by Type:



City Expense Status by Type

	FY24 AMENDED	FY24 1st 6 Months	% of Budget Used	% of Budget Remaining
Personnel	38,588,100	18,553,046	48.1%	51.9%
Supplies & Materials	5,362,265	2,041,089	38.1%	61.9%
Purchased Services	17,650,640	5,987,169	33.9%	66.1%
Intra-City Charges	1,395,441	471,119	33.8%	66.2%
Fixed Charges	14,767,790	6,135,850	41.5%	58.5%
Internal Service	7,013,146	3,714,839	53.0%	47.0%
Transfers Out	4,395,790	3,544,187	80.6%	19.4%
Debt Service	3,146,794	981,281	31.2%	68.8%
Capital Outlay	56,768,312	8,045,614	14.2%	85.8%
Total	149,088,278	49,474,194	33.2%	66.8%

- Purchased Services: Contracted Services, IT&S, Travel/Training, public works, Repairs/Maintenance., etc.
- Fixed Charges: Rent, Assessments, Licenses, Credit Card fees, Insurance premiums
- Intra-City: Copier revolving, Fleet & Shop Charges
- Internal Charges: Overhead allocations



Personnel Review

Recruitment:

Some departments are still having difficulty with recruiting and retaining positions such as Finance (Accountant), Public Works (Stormwater Engineer, and GIS analyst) and Police (ongoing recruitment and training).

Support Services division is stabilized, along with other divisions.

Overall, we are not experiencing the vacancy savings in staffing that we have in the last few years.

Collective Bargaining Contracts:

We settled the police union contract, and retroactive pay for the officers was issued in March with an impact of approximately \$200,000. This



Other Expenditure overview:

- Capital Outlay: Many departments still have large capital purchases and projects to complete. As construction season ramps up, more capital expenditures will occur. Departments are still experiencing inflationary impacts and supply chain delays on capital plans.
- Other operating costs: Some appropriations were increased through budget adjustments as noted earlier in this presentation. No major variance concerns at this time for divisions to stay within their appropriations for FY24.
- Community Donations: To date, donations related to the Commission approved agreements for general fund savings have been drawn down by \$397,000 out of \$2,815,100 in appropriations or 14%.





Questions?



Fiscal Year 2025 General Gov't Budget Overview

City Manager Budget Priorities:

Be the employer of choice:

- Recruit and retain quality staff
- Support market-based pay plans as feasible*
- Provide affordable, quality health-care
- Foster a safe and supportive work culture

Capital and infrastructure improvements:

- Support division capital improvement plans based on master plans and studies

*After all departments have met with City Manager, an analysis of a potential Cola will be presented to Commission





Fiscal Year 2025 Revenue Projections for General Fund

General Fund Revenue Projections

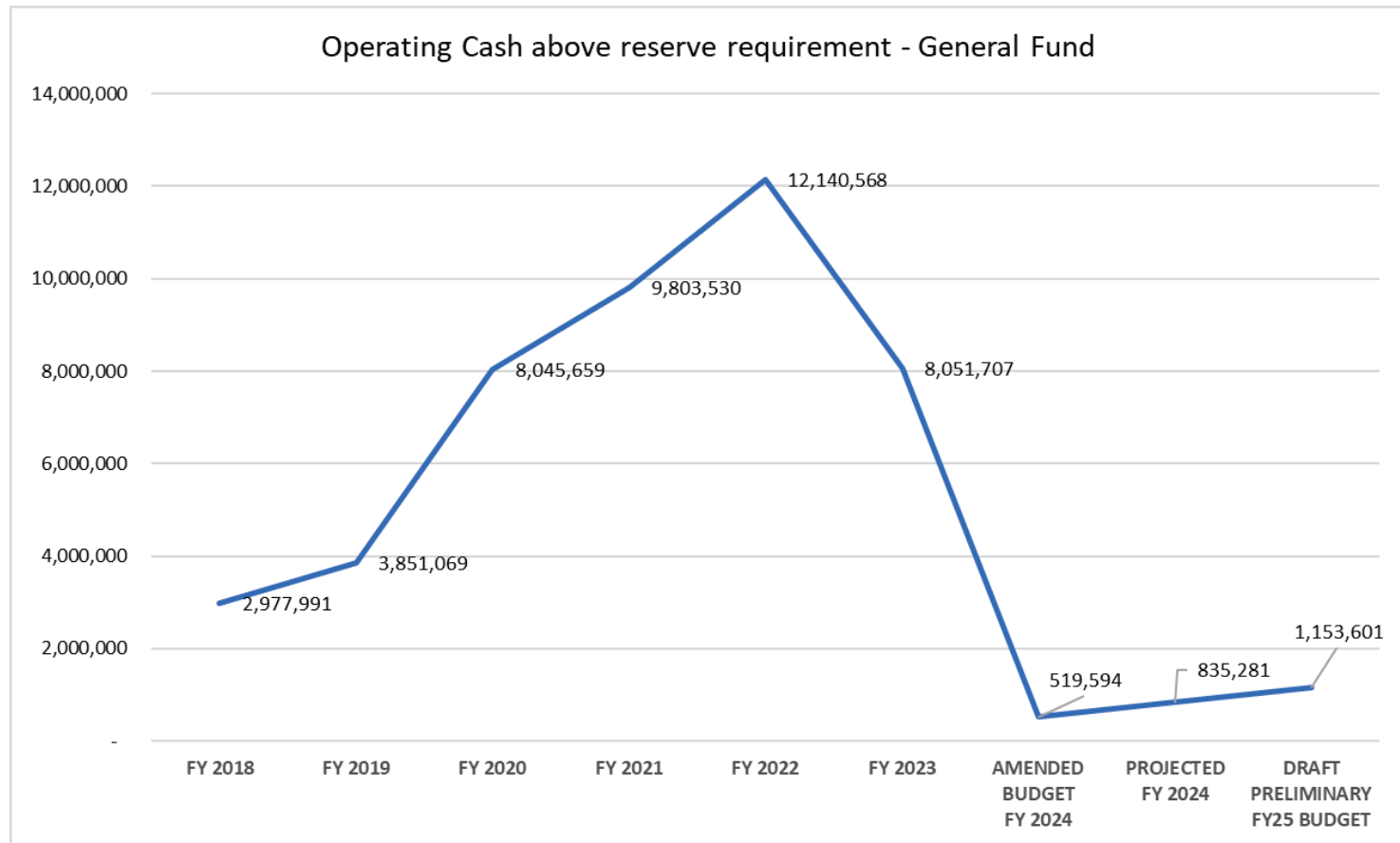


	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	AMENDED BUDGET FY 2024	PROJECTED FY 2024	DRAFT PRELIMINARY FY25 BUDGET	Increase from FY24 Budget
Taxes	10,947,897	11,455,228	11,947,346	12,652,656	12,334,497	13,140,821	14,918,429	14,861,731	15,628,000	709,571
License & Permits	478,604	601,392	562,468	602,243	572,460	548,793	575,000	563,300	564,000	(11,000)
Intergov't Revenue	4,688,119	4,803,379	5,025,210	5,012,172	5,213,154	5,285,922	5,503,370	5,555,932	5,672,227	168,857
Charges for Service	585,576	581,924	485,419	460,608	597,631	853,686	666,386	707,360	679,186	12,800
Intra-City Revenue	59,628	73,969	74,000	-	19,000	19,000	19,000	19,000	20,900	1,900
Fines & Forfeitures	523,677	540,900	571,191	444,234	397,311	445,380	438,500	438,500	438,500	-
Investment Earnings	89,917	155,486	112,807	18,200	17,607	442,254	425,000	569,450	500,000	75,000
Other Financing	149,663	98,363	117,966	80,369	66,631	232,869	242,200	148,384	230,800	(11,400)
Internal Service	3,128,611	3,302,164	3,413,290	3,891,269	3,623,574	4,418,986	3,959,207	3,959,207	4,505,255	546,047
Transfers In	225,370	497,619	749,836	1,135,542	9,123,862	957,351	703,585	703,585	713,096	9,511
Total General Fund Revenue	20,877,062	22,110,424	23,059,534	24,297,292	31,965,726	26,345,063	27,450,677	27,526,450	28,951,963	1,501,286



Fiscal Year 2025 General Fund Cash Balance Review

General Fund Cash Overview





Fiscal Year 2025 General Gov't Capital Proposals

FY2025 Proposed Capital Requests



PROJECT DESCRIPTION	PROJECT TYPE	DIVISION/DEPARTMENT	FY2025
Fire #1 - Boiler Replacement	MAJOR	Facilities	387,500
Patrol Vehicles (4/Year)	EQUIPMENT - VEHICLE	Police	310,000
Kay McKenna Tennis Court Rebuild	MAJOR	Parks Maintenance	300,000
Civic Center - North Parking Lot Replacement	MAJOR	Facilities	140,000
Civic Center - Ballroom Floor Replacement	MAJOR	Facilities	120,000
Pickup/SUV (New Addition)	EQUIPMENT - VEHICLE	Public Works Industrial Facilities	58,350
Service Topper	EQUIPMENT - VEHICLE	Public Works Industrial Facilities	10,610
Tasers: Taser10 model (53)	MAJOR	Police	50,000
Toro 4010 Turf Mower (replacement524)	EQUIPMENT - VEHICLE	Parks Maintenance	35,000
Mt View Tennis and Basketbal Ct Resurface	MINOR	Parks Maintenance	30,000
Fire #2 - Apparatus Floor Heaters	MINOR	Facilities	22,000
Kindrick ball netting	MINOR	Parks Maintenance	20,000
ADA sidewalk compliance	MINOR	Parks Maintenance	20,000
K9's (1)	MINOR	Police	18,500
Fire #1 Apparatus Floor Drain Reconfiguration	MINOR	Facilities	17,000
Beattie Locomotive Paint Restoration	MINOR	Parks Maintenance	15,000
Last Chance Gulch Trolley Paint and Repair - Walkingmall	MINOR	Parks Maintenance	15,000
Lane Line Reels - Pool	MINOR	Parks Maintenance	14,250
Fire #1 - Door Hardware	MINOR	Facilities	14,000
Kindrick Legion Carpet replacement in Visitor's Clubhouse	MINOR	Parks Maintenance	5,000
Pool Filter	MINOR	Parks Maintenance	5,000
		Total CIP Requests	1,607,210
		Parks Maintenance	459,250
		Police	378,500
		Facilities	700,500
		Public Works Industrial Facilities	68,960
			1,607,210

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General Fund Proposed Contribution to Capital – FY25



	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Amended	FY 2024 Projected	Preliminary FY 2025 Budget	
	5,928,911	6,977,960	10,894,481	12,708,305	15,798,276	11,875,565	9,120,133	5,246,149	5,527,974	5,572,455	
						966,597		2,576,938	2,576,938	2,576,938	
General Fund Cash Reserves	5,928,911	6,977,960	10,894,481	12,708,305	15,798,276	12,842,162	9,120,133	7,823,087	8,104,912	8,149,393	
Reserve Requirement	2,950,920	3,126,891	2,848,822	2,929,155	3,657,708	3,823,858	4,369,080	4,726,556	4,689,083	4,414,503	
Amount over reserve req	2,977,991	3,851,069	8,045,659	9,779,150	12,140,568	8,051,707	4,751,053	519,594	838,891	1,157,952	
Contributions to Capital Fund	902,370	504,974	-	648,475	2,766,000	1,844,147	1,165,098	1,165,098	1,165,098		10,161,260
									Average Contribution since 2018		1,118,723
									Proposed General Capital		1,607,210
									Proposed Contribution in FY25*		1,000,000
									Historic Preservation Grant		(30,000)
									Contribution from other funds		(188,960)
									Use from 440 Reserves		(388,250)

*Additional funding from Fund 440 as an offset to General Fund Contribution may be considered regarding the analysis of proposed Cola



Fiscal Year 2025 Overview of Budget Policies

Budget Policy Changes



Indirect Cost Allocation of Central Services

The indirect charge for the current year will be the prior years' adopted budget. It is intended that basing the allocation on the prior year's estimates is a conservative approach since prior year projections do not include any of the cost inflators for the current year. At the end of each fiscal year, after the funds have been audited, if a determination that the actual dollars expended exceed a 15% variance** from the budget in which the costs were allocated, an adjustment will be made to reflect the increase or decrease to reflect actual services provided to allocated funds. **Should General Fund divisions anticipate new costs in the next year's budget that are material, will be added to last year's appropriation for recovery.**

Methodology for Insurance Liability Allocations:

The Insurance Fund is used to pay liability, property, and boiler insurance and compensation for damages.

- Liability insurance: Allocation based on salaries assigned to each department and fund (The cost is determined by Insurance provider).
- Liability insurance **deductible claims**: Costs are allocated to departments based on prior year claims **paid for deductibles**.
- Property Insurance: Costs are allocated to departments based on the current premium and allocated to funds/departments based on property values.
- Fidelity insurance: Costs are allocated based on the number of budgeted FTEs by department. (The cost per FTE is determined by insurance provider).



Fiscal Year 2025 Budget Next Steps

Next steps

- City Manager will complete budget meetings with Staff this week
- City Manager will meet with Human Resources and Finance to discuss health insurance premiums and cost of varying colas
- Departments will begin presenting their budgets to the Commission on April 17th





Questions?

Development and Administration

Budget Development and Administration:

The Budget will be prepared in such a manner as to facilitate its understanding by residents and elected officials:

The City will present a story of the City government operations and intentions for the year to the residents and elected officials of Helena. Presenting a budget document that is understandable to the residents furthers the goal of effectively communicating local government finance issues to the public.

A comprehensive annual budget will be prepared for all operating funds expended by the City:

Montana State law provides that “no money shall be drawn from the treasury of the municipality nor shall any obligation for the expenditure of money be incurred except pursuant to the appropriation made by the commission”. Inclusion of all operating funds in the budget enables the commission, the administration, and the public to understand all financial aspects of city government when preparing, modifying, and monitoring the budget.

The City will avoid budgetary practices that balance current expenditures at the expense of meeting future year's expense:

Budgetary practices such as postponing capital expenditures, accruing future years' revenues, or rolling over short-term debt are budgetary practices which can solve short-term financial problems; however, they can create much larger financial problems for future administrations and commissions. Avoidance of these budgetary practices will assure citizens that current problems are not simply being delayed to a future year.

The city will provide for adequate maintenance of capital, plant and equipment and for their orderly replacement:

Recognition of the need for adequate maintenance and replacement of capital, facilities, and equipment, regardless of economic conditions, will assist in maintaining the government's equipment and infrastructure in good operating condition.

Appropriation and Adjustment Authority

The City Commission adopts the legal level of spending authority in its annual budget at the fund level stated in Appendix A of the Budget Resolution.

Realignment Authority:

Revenues, expenditures, and balances below the fund level are designated management tools. The City Manager is delegated the authority to adjust management level revenue and expenditures (i.e., transfers or revisions within or among line items) within the same fund, as long as there is no increase in total appropriations budgeted by fund.

Realignment in Department Funds:

- a. **Police budgets:** The City Manager is delegated the authority to make transfers or revisions among the line items for all Police Department Budgets within or among the various funds provided there is no increase in the total appropriations budgeted for the Police Department.
- b. **Street & Gas Tax Budgets:** The City Manager is delegated the authority to make transfers or revisions among the line items between the Street & Traffic and Gas Tax funds provided there is no increase in the total appropriations budgeted.
- c. **Fire Budgets:** The City Manager is delegated the authority to make transfers or revisions among the line items for all Fire Department Budgets within or among the various funds provided there is no increase in the total appropriations budgeted for the Fire Department.

Automatic Amendments:

Joint operating agreements approved by the governing body, insurance recoveries, hazardous material recoveries, donations for specific purposes, and refund or reimbursements of expenditures shall automatically amend the annual appropriations or reduce recorded expenditures, whichever is correct in accordance with Generally Accepted Accounting Principles (GAAP).

Follow-through authority:

Circumstances may arise to adapt to changes, while maintaining goals and objective principles. In order to allow management flexibility, the City Manager is delegated budget appropriation follow-through authority according to 7-6-4006 (3) MCA, for expenditure of funds for any or all of the following:

1. debt service funds for obligations related to debt approved by the governing body,
2. trust funds for obligations authorized by trust covenants,
3. any fund for federal, state, local or private grants and shared revenue accepted and approved by the governing body, (including the authority to appropriate the related city match, if any, with funding from reserves or transfers of available surplus),
4. any fund for special assessments approved by the governing body,
5. the proceeds from the sale of land,
6. any fund for gifts or donations, and
7. money borrowed during the fiscal year.

Appropriation and Adjustment Authority (Cont.)

Fee Based Authority:

As provided in 7-6-402 MCA, the City Manager is delegated authority to adjust volume-related appropriations funded by fees throughout the fiscal year for all of the following:

1. Proprietary funds
2. General fund
3. Street & Traffic fund
4. Urban Forestry and Open Space funds
5. Community Facilities fund
6. Police Projects fund
7. Storm Water Utility fund

Fund Operating Reserves

The budget will establish appropriate operating reserves according to operational best practices:

The City desires to maintain a prudent level of financial resources to guard its stakeholders against service disruption in the event of unexpected temporary revenue shortfalls or unpredicted one-time expenditures. As an approximate measure of liquidity, fund balance is similar to the working capital of a private sector business. The difference between assets and liabilities in a governmental fund is known as fund balance. The difference between assets and liabilities in proprietary fund is known as net assets. Both governmental and proprietary funds should establish a reserve to ensure stability in operations.

Fund balances for governmental funds will be properly designated into the following categories:

- **Non-spendable:** Amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- **Restricted:** Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions or enabling legislation.
- **Committed:** Amounts constrained to specific purposes by the City Commission; to be reported as committed, amounts cannot be used for any other purpose unless the City Commission takes action to remove or change the constraint.
- **Assigned:** Amounts the City intends to use for a specific purpose; intent can be expressed by the Commission or by an official or body to which the Commission delegates authority.
- **Unassigned:** Amounts that are available for any purpose; these amounts are reported only in the General Fund.

Fund Operating Reserves (Cont.)

General Fund Reserve:

The General Fund acts as the main operating fund for the City. Governments are normally advised to maintain a minimum level of unrestricted fund balance in the General Fund equal to two months of operating revenues or expenses depending on which is more predictable. Higher reserves may be warranted if there is excessive risk exposure such as significant volatility in operating revenues or expenses, drains on general fund resources from other funds, natural disasters, rapidly rising operating budgets, or disparities in time between revenue collection and expenditures.

The majority of the City's General Fund revenues are derived from property taxes and special assessments which are relatively stable sources of revenue. The City is currently not experiencing any excessive risk exposure to any of the circumstances noted above. Given that the General Fund has relatively stable revenue and is not facing excessive risk exposure, the City will maintain a minimum level of General Fund unrestricted reserve equal to 60 days operating expenditures or 15.0% of annual operating revenue, whichever is higher.

Should circumstances change exposing the City to a higher amount of risk exposure, the City may determine that a higher level of general fund balance reserve is warranted.

The General Fund reserve is committed to be used for: cash flow purposes, accrued employee payroll benefits which are not shown as a liability, unanticipated equipment acquisition and replacement, and to enable the city to meet unexpected expenditure demands or revenue shortfalls. The minimum reserve should not be available to meet recurring operating expenditures.

If feasible, at the end of each fiscal year, twenty percent (20%) of General Fund reserves above targeted operating reserves, may be earmarked to a designated Contingency account in the General Fund or General Capital Fund. Spending from the Contingency Account will be dedicated only for unforeseen situations as determined by the City Manager and agreed upon by the City Commission.

Fund Operating Reserves (Cont.)

Special Revenue Fund Reserve:

Special revenue funds are designed to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for a specific purpose other than debt service or capital projects. There is no need to establish a cushion for contingencies for special revenue funds whose sole purpose is to demonstrate that dedicated revenues are expended for their intended purpose.

This reserve policy applies to those special revenue operating funds that receive property tax revenue, state shared tax revenue, assess a fee, or include operational expenditures restricted for specific use by local, state and federal laws. Funds not meeting any of these criteria do not have a minimum reserve requirement.

The City's special revenue operating funds depend on revenue that is distributed in quarterly or bi-annual distributions which warrants a higher reserve than the General Fund.

An established minimum reserve of 18.0% or 90 days of operating expenditures, whichever is greater, will be maintained for the following special revenue operating funds:

- Streets Operations (201)
- Civic Center (211)
- Facilities Management (212)
- Open Lands (235)
- Urban Forestry (237)
- Stormwater (245)
- Water Shed (246)

Debt Service Funds Reserve:

General government debt service funds are used to accumulate resources in anticipation of debt service payments, either to fulfill legal or contractual obligations or voluntarily. The City will carry a fund balance in these funds at a level to maintain one year of debt service payments for general obligation debt, or to satisfy bond covenants, whichever is higher.

Fund Operating Reserves (Cont.)

Capital Improvement Fund Reserve:

Capital improvement funds account for and report financial resources that are restricted, committed or assigned to expenditures of capital outlays. Section 7-6-16 of the Montana Code Annotated notes that a municipality may establish a capital improvement fund for the replacement, improvement, and acquisition of property, facilities or equipment costs in excess of \$5,000 and that has a life expectancy of 5 years or more. The City follows this statute. It is expected that resources in a capital project fund will be spent out at the end of the project.

The city maintains general government, parks improvement, and sidewalk improvement capital funds. Money may be accumulated in these funds during any fiscal year to support annual appropriations and carry-overs to future fiscal periods; as such, reserves for these funds should be maintained at a level to meet equipment replacement needs and long-term capital plans.

The City maintains three tax increment capital financing funds of which assessments are collected and spent based on Commission approval. All fund balances in these funds are reserved to specific approval by the commission.

Enterprise Funds Reserve:

Enterprise funds are used to report activity for which a fee is charged for goods and services. Enterprise fund accounting is designed to highlight the extent to which fees and charges are sufficient to cover the cost of providing goods and services or the cost of providing a subsidy.

The enterprise fund(s) should meet the demands of government services including unanticipated reductions in revenue or unplanned expense increases at a level to prevent service interruptions.

The City will maintain a minimum level of unrestricted reserves in its enterprise operating funds equal to 60 days of operating expenditures or 15.0% of annual appropriations, whichever is higher. *

The unrestricted reserve is committed to be used for one-time expenditures, major equipment acquisition and replacement, and to enable the city to meet unexpected future expenditure demands or revenue shortfalls that may impede operations.

**The Building Fund is an Enterprise Fund but excluded by this reserve policy. That fund's reserve requirements are defined by Montana State Law which is enough to support the Building Code Enforcement Program for 12 months.*

Fund Operating Reserves (Cont.)

Internal Service Funds Reserve:

Internal Service funds are proprietary type funds used to report activity that provide goods or services to other government funds, departments or agencies on a cost reimbursement basis. Internal Service funds may also be used to account for a government's risk financing activities.

These funds are designed to break-even over time. Significant and ongoing surpluses may indicate that charges are more than what is needed to reimburse costs. However, rates may be set to accumulate balances for replacement of capital assets, depreciation expense, claims, and debt service payments.

The City maintains internal services funds for Copiers, Health, Dental, Vision and Fleet services. The City will maintain a prudent reserve balance in these funds to recover the ongoing operating, capital, depreciation, and debt service needs.

Compliance with Operating Reserves:

In the event that required operating reserve falls below the minimum level established, the City will define the factors influencing the shortfall and will develop a plan to increase resources or reduce expenditures. The required reserve should be replenished back to the policy level within twenty-four months.

Revenue resources that may be used to replenish reserve requirements may include non-recurring revenues, budget surpluses, or excess resources in other funds (if legally permissible and there is a defensible rationale).

Fund Operating Reserves (Cont.)

Excess Operating Reserves:

In the event reserves exceed the minimum balance requirements, at the end of each fiscal year, any excess reserves may be used in the following ways:

- Fund long-term capital improvement programs
- Fund Accrued Liabilities (priority given to those items that relieve financial operating pressure in future periods).
- Appropriated to lower the amount of outstanding debt principal
- Charges for services fee reductions
- One-time expenses that do not increase operating costs that cannot be funded through current revenues
- Start-up expenses for new programs, provided the Commission has considered in the context of multi-year projections of revenues and expenses
- Replenish fund balances of other funds that fall below policy level (if legally permissible and there is a defensible rationale)

Twenty percent (20%) of General Fund Excess Reserves will be earmarked to be transferred to the Contingency Account in the General Fund or General Capital Fund, if feasible.

General Fund Contingency Account Reserve:

General Fund operating contingency account appropriations are provided by the City Commission as flexible appropriations for general government use. They are intended to provide the City Manager with an effective management tool for adjusting to changing circumstances throughout the budgetary year.

The City Manager is delegated the authority to transfer part or all of any contingency appropriation and related financing within the General Fund or any other fund.

Use of contingency appropriations is restricted to transfers of that appropriation authority specific to operating budgets. Proper classification of expenditures to specific operations is required. Accordingly, charging of expenditures directly to contingency account is prohibited.

Annual City Manager contingency account reserve will be proposed by the City Manager in the annual budget for Commission consideration..

Indirect Cost Allocation of Central Services

Introduction Overview:

The City provides central support services to functional operating units (funds and departments) through its central administrative services hosted in the General Fund. Other functional areas benefiting from these central services should share the costs of activities benefitting them. This is done by allocating those costs from the General Fund to the benefitting funds and departments.

The method of allocating these services vary and are unique to each central service group. Therefore, allocation methods and statistics vary to align with the service group. In all cases, the city uses financial data from department/fund financial statements and statistics gathered that best reflect the service group activities in order to allocate costs.

Allocation methods for each central service group are defined in this policy.

The scope of this policy does not address IT&S, copier revolving, facility rental charges, facility maintenance and operating charges, fleet services, shop, or medical/dental/vision allocations. This policy also does not address functional operating department charges that may occur when one department charges another for actual services provided. When it does occur, the charge is typically based on actual time incurred as documented on a project item sheet, other tracking mechanism or actual equipment or supply use.

General Fund Central Services Subject to Allocations:

The central service functions listed below are accounted for in the General Fund. An indirect allocation formula as defined in this plan is used to account for the following functions supporting those benefitting funds and departments outside the General Fund. Benefitting departments and funds include Special Revenue, Internal Service and Enterprise Funds. Services supporting other General Fund functional areas are not being indirectly allocated to the operating departments but accounted for in the servicing function.

- Legislative (City Commission / City Clerk)
- Executive (City Manager)
- Legal (City Attorney)
- Personnel (Human Resources)
- Finance (Administration, Accounting, Budgeting)
- Finance (Payroll)
- Finance (Utility Customer Services)
- Publics Works Administration
- Engineering
- Parks and Recreation Administration

Indirect Cost Allocation of Central Services (Cont.)

Funds being supported by the General Fund central services listed above and charged through the indirect allocation formulas are listed below*:

Special Revenue Funds:

- City Streets (201)
- Civic Center (211)
- Facilities Management (212)
- Gas Tax (240)
- Open Space District Maintenance (235)
- Urban Forestry (237)
- Storm Water Utility (245)
- Lighting Districts (029)

Internal Service and Debt Service Funds:

- SID Revolving (340)
- Fleet Services (610)

Enterprise Funds:

- Building (503)
- Water (521)
- Wastewater (531)
- Solid Waste – Residential (541)
- Solid Waste – Commercial (542)
- Landfill Monitoring District (543)
- Transfer Station (546)
- Recycling (547)
- Parking (551)
- Golf Course (563)
- Capital Transit (580)

**The City may add Funds to the list of funds benefiting from General Fund Services if that Fund is directly benefited by those services.*

The City captures various levels of accounting and financial detail at the fund level, department, function, and project level. Federal awards can be identified and excluded from receiving cost allocations or unallowed items.

The indirect charge for the current year will be the prior years' adopted budget. It is intended that basing the allocation on the prior year's estimates is a conservative approach since prior year projections do not include any of the cost inflators for the current year. At the end of each fiscal year, after the funds have been audited, if a determination that the actual dollars expended exceed a 15% variance** from the budget in which the costs were allocated, an adjustment will be made to reflect the increase or decrease to reflect actual services provided to allocated funds. **Should General Fund divisions anticipate new costs in the next year's budget that are material, will be added to last year's appropriation for recovery.**

****Budgeted costs allocated to a fund were greater than 15% more than reconciled actual costs.**

Indirect Cost Allocation of Central Services (Cont.)

Methodology for General Fund Central Services Allocations:

Each Central Service Cost center group uses a unique method to allocate its costs to the benefitting departments/functional areas. However, several City services can use the same base, upon which, to allocate its costs (for example agenda item count and function activity). Other cost center groupings may use different methods for certain segments of its cost pool for allocations based on data it accumulates during the year.

The methodology allocation percentages used in formulas will be reviewed annually for material percentage increase or decrease. If the difference is material (more than 2%) the formula shall be adjusted. Methods of allocating costs will also be reviewed annually with the functional areas to determine applicability to operations.

The Central Service Cost Center groups are allocated based on the following methods:

Council Agenda Items: (The count of agenda items is tracked)

- **Legislative (City Commission and City Clerk)** – Clerk's office is responsible for City Council (agendas, minutes, research), maintenance of processing of City Records, and city code codification. The Commission is the legislative and policy setting body enacting laws, resolutions, and policies.

Council Agenda Items/ Full Time equivalents/Operating Costs:

(The costs of the following central service departments are allocated as 33% Agenda Items, 33% FTEs, and 34% Operating Costs)

- **Legal (City Attorney)** – Chief Legal Advisor for Mayor, Commissioners, City Manager and all city departments.
- **Executive (City Manager)** - Strategic Planning, Providing Coordination with all departments on budget and administration of operations.

Full Time Equivalent (FTE) (The budgeted count of employees is tracked)

- **Personnel (Human Resources)** – Responsible for recruitment, policy development, benefits administration, employee relations, labor relations and risk management.
- **Finance (Payroll)** – Processing payroll and payroll taxes according to personnel policies, union agreements, and state and federal laws.

Operating Expenditures* (Operating budgets, exclusive of transfers, capital expenditures and debt service.)

- **Parks & Recreation Administration** – Administrative oversight for parks, recreation, open lands, trails, civic center and golf course.
- **Finance (Budget, Administration, & Accounting – General Services)** (Time spent on budgeting, general finance administration, debt service, assessments, audit, internal control, investments, and financial reporting).
- **Finance (Utility Customer Services)** - Proportional share attributed to utilities (i.e.: water, sewer, solid waste, recycling, etc.)

**Some special revenue funds may be adjusted for the General Fund to absorb partial costs dependent on the equitable distribution of costs in proportion to the assessments charged.*

Indirect Cost Allocation of Central Services (Cont.)

Methodology for General Fund Central Services Allocations (Cont.):

Accounts Payable Transactions (Number of invoices processed)

- **Finance (Accounting - Accounts Payable)** – Responsible for timely payment of all city services, equipment and goods.

Accounts Receivable Transactions (Number of cash receipts transactions by fund)

- **Finance (Accounting - Accounts Receivable)** - Responsible for revenue function.

Public Works Allocations: (Percentage of time directly proportional to fund activities determined by the public works departments.

- **Engineering (Capital)** – Allocated based on time spent in reference to the Capital Improvement Plan and project accounting. Costs for non-capital project related activities are absorbed in the General Fund.
- **Public Works Administration** – Allocated based on time spent proportional to public works departments.
- **Industrial Facilities**– Allocated based on time spent proportional to public works facilities.

Methodology for Insurance Liability Allocations:

The Insurance Fund is used to pay liability, property, and boiler insurance and compensation for damages.

- Liability insurance: Allocation based on salaries assigned to each department and fund (The cost is determined by Insurance provider).
- Liability insurance **deductible claims**: Costs are allocated to departments based on prior year claims **paid for deductibles**.
- Property Insurance: Costs are allocated to departments based on the current premium and allocated to funds/departments based on property values.
- Fidelity insurance: Costs are allocated based on the number of budgeted FTEs by department. (The cost per FTE is determined by insurance provider).